

# Senate Study Bill 1089 - Introduced

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
COMMERCE/INSURANCE DIVISION  
BILL)

## A BILL FOR

1 An Act relating to various matters under the purview of the  
2 insurance division of the department of commerce.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 502.410, subsection 4, paragraph a, Code  
2 2011, is amended to read as follows:

3 a. The fee for an individual is ~~thirty~~ forty dollars  
4 when filing an application for registration as an investment  
5 adviser representative, a fee of ~~thirty~~ forty dollars when  
6 filing a renewal of registration as an investment adviser  
7 representative, and a fee of ~~thirty~~ forty dollars when filing a  
8 change of registration as an investment adviser representative.  
9 If the filing results in a denial or withdrawal, the  
10 administrator shall retain the fee.

11 Sec. 2. Section 502.604, subsections 2 and 4, Code 2011, are  
12 amended to read as follows:

13 2. *Summary process.* An order under subsection 1 is  
14 effective on the date of issuance. Upon issuance of the order,  
15 the administrator shall promptly serve each person subject to  
16 the order with a copy of the order and a notice that the order  
17 has been entered. The order must include a statement of any  
18 restitution order, civil penalty, or costs of investigation  
19 the administrator will seek, a statement of the reasons for  
20 the order, and notice that, within thirty days after receipt  
21 of a request in a record from the person, the matter will be  
22 scheduled for a hearing. If a person subject to the order does  
23 not request a hearing and none is ordered by the administrator  
24 within thirty days after the date of service of the order,  
25 the order, including an order for restitution, the imposition  
26 of a civil penalty, or a requirement for payment of costs of  
27 investigation sought in the order, becomes final as to that  
28 person by operation of law. If a hearing is requested or  
29 ordered, the administrator, after notice of and opportunity  
30 for hearing to each person subject to the order, may modify or  
31 vacate the order or extend it until final determination.

32 4. *Civil penalty — restitution — corrective action.* In  
33 a final order under subsection 3, the administrator may  
34 impose a civil penalty up to an amount not to exceed a  
35 maximum of five thousand dollars for a single violation or

1 five hundred thousand dollars for more than one violation,  
2 order restitution, or take other corrective action as the  
3 administrator deems necessary and appropriate to accomplish  
4 compliance with the laws of the state relating to all  
5 securities business transacted in the state.

6 Sec. 3. Section 505.8, subsections 1 and 10, Code 2011, are  
7 amended to read as follows:

8 1. The commissioner of insurance shall be the head of the  
9 division, and shall have general control, supervision, and  
10 direction over all insurance business transacted in the state,  
11 and shall enforce all the laws of the state relating to ~~such~~  
12 federal and state insurance business transacted in the state.

13 10. The commissioner may, after a hearing conducted  
14 pursuant to chapter 17A, assess fines or penalties, assess  
15 costs of an investigation or proceeding, order restitution,  
16 or take other corrective action as the commissioner deems  
17 necessary and appropriate to accomplish compliance with the  
18 laws of the state relating to all insurance business transacted  
19 in the state.

20 Sec. 4. Section 505.8, Code 2011, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 19. The commissioner may adopt  
23 administrative rules pursuant to chapter 17A as necessary to  
24 effectuate the insurance provisions of the federal Patient  
25 Protection and Affordable Care Act of 2010, or other applicable  
26 federal laws.

27 Sec. 5. Section 505.18, subsection 2, unnumbered paragraph  
28 1, Code 2011, is amended to read as follows:

29 The commissioner in collaboration with the consumer advocate  
30 shall prepare and deliver a report to the governor and to the  
31 general assembly no later than November 15 of each year that  
32 provides findings regarding health spending costs for health  
33 insurance ~~plans~~ carriers in the state for the previous ~~fiscal~~  
34 calendar year. The commissioner may contract with outside  
35 vendors or entities to assist in providing the information

1 contained in the annual report. The report shall provide, at a  
2 minimum, the following information:

3 Sec. 6. Section 505.18, subsection 2, paragraph d, Code  
4 2011, is amended to read as follows:

5 d. A ranking and quantification of those factors that result  
6 in higher costs and those factors that result in lower costs  
7 for each health insurance ~~plan-offered~~ carrier in the state.

8 Sec. 7. Section 505.19, subsection 3, Code 2011, is amended  
9 to read as follows:

10 3. The consumer advocate shall solicit public comments on  
11 each proposed health insurance rate increase application if  
12 the increase exceeds the average annual health spending growth  
13 rate as provided in subsection 1, and shall post without delay  
14 during the normal business hours of the division, all comments  
15 received on the insurance division's internet site prior to  
16 approval or disapproval of the proposed rate increase by the  
17 commissioner.

18 Sec. 8. Section 507E.8, Code 2011, is amended to read as  
19 follows:

20 **507E.8 Peace Law enforcement officer status.**

21 1. Bureau investigators shall have the power and status  
22 of ~~peace~~ law enforcement officers who by the nature of their  
23 duties may be required to perform the duties of a peace officer  
24 when making arrests for criminal violations established as a  
25 result of their investigations pursuant to this chapter.

26 2. The general laws applicable to arrests by ~~peace~~ law  
27 enforcement officers of the state also apply to bureau  
28 investigators. Bureau investigators shall have the power  
29 to execute arrest warrants and search warrants for the  
30 same criminal violations, serve subpoenas issued for the  
31 examination, investigation, and trial of all offenses  
32 identified through their investigations, and arrest upon  
33 probable cause without warrant a person found in the act of  
34 committing a violation of the provisions of this chapter.

35 Sec. 9. Section 508C.5, Code 2011, is amended by adding the

1 following new subsections:

2 NEW SUBSECTION. 2A. "*Authorized assessment*", or the  
3 term "*authorized*" when used in the context of an assessment,  
4 means that a resolution has been passed by the board of  
5 directors of the association whereby an assessment will be  
6 called immediately or in the future from member insurers for  
7 a specified amount. An assessment is authorized when the  
8 resolution is passed.

9 NEW SUBSECTION. 2B. "*Benefit plan*" means a specific  
10 employee, union, or association of natural persons benefit  
11 plan.

12 NEW SUBSECTION. 2C. "*Called assessment*", or the term  
13 "*called*" when used in the context of an assessment, means that  
14 a notice has been issued by the association to member insurers  
15 requiring that an authorized assessment be paid within the time  
16 frame set forth within the notice. An authorized assessment  
17 becomes a called assessment when notice is mailed by the  
18 association to member insurers.

19 Sec. 10. Section 508C.5, subsection 5, Code 2011, is amended  
20 to read as follows:

21 5. "*Covered policy*" means a policy or contract ~~within the~~  
22 ~~scope of this chapter as~~ or a portion of a policy or contract  
23 for which coverage is provided under section 508C.3.

24 Sec. 11. Section 508C.5, Code 2011, is amended by adding the  
25 following new subsections:

26 NEW SUBSECTION. 12A. "*Plan sponsor*" means any of the  
27 following:

28 a. The employer in the case of a benefit plan established or  
29 maintained by a single employer.

30 b. The employee organization in the case of a benefit plan  
31 established or maintained by an employee organization.

32 c. In the case of a benefit plan established or maintained  
33 by two or more employers or jointly by one or more employers  
34 and one or more employee organizations, the association,  
35 committee, joint board of trustees, or other similar group of

1 representatives of the parties who establish or maintain the  
2 benefit plan.

3 NEW SUBSECTION. 13A. "*Principal place of business*" of a  
4 plan sponsor or a person other than a natural person means the  
5 single state in which the natural persons who establish policy  
6 for the direction, control, and coordination of the operations  
7 of the entity as a whole primarily exercise that function as  
8 determined pursuant to section 508C.8A.

9 NEW SUBSECTION. 13B. "*Receivership court*" means a court in  
10 an insolvent or impaired insurer's state having jurisdiction  
11 over the conservation, rehabilitation, or liquidation of the  
12 insurer.

13 Sec. 12. Section 508C.5, subsection 14, Code 2011, is  
14 amended to read as follows:

15 14. "*Resident*" means a person to whom a contractual  
16 obligation is owed and who resides in a state on the date of  
17 entry of a court order that determines a member insurer is an  
18 impaired insurer or a court order that determines a member  
19 insurer is an insolvent insurer, ~~whichever occurs first~~. A  
20 person may be a resident of only one state, which in the case of  
21 a person other than a natural person shall be the state of that  
22 person's principal place of business. A citizen of the United  
23 States who is a resident of a foreign country, or is a resident  
24 of a United States possession, territory, or protectorate that  
25 does not have an association similar to the association created  
26 by this chapter, shall be deemed a resident of the state or  
27 domicile of the insurer that issued the policy or contract.

28 Sec. 13. NEW SECTION. 508C.8A **Principal place of business**  
29 **— determination.**

30 1. The principal place of business of a plan sponsor or a  
31 person other than a natural person shall be determined by the  
32 association in its reasonable judgment by considering all of  
33 the following factors:

34 a. The state in which the primary executive and  
35 administrative headquarters of the entity is located.

1     *b.* The state in which the principal office of the chief  
2 executive officer of the entity is located.

3     *c.* The state in which the board of directors or similar  
4 governing person or persons of the entity conducts the majority  
5 of its meetings.

6     *d.* The state in which the executive or management committee  
7 of the board of directors or similar governing person or  
8 persons of the entity conducts the majority of its meetings.

9     *e.* The state from which the management of the overall  
10 operations of the entity is directed.

11     2. In the case of a benefit plan sponsored by affiliated  
12 companies comprising a consolidated corporation, the principal  
13 place of business of the entity shall be deemed to be the state  
14 in which the holding company or controlling affiliate has its  
15 principal place of business as determined by the association  
16 using the factors enumerated in subsection 1. However, if more  
17 than fifty percent of the participants in the benefit plan are  
18 employed in a single state, that state shall be determined to  
19 be the principal place of business of the entity.

20     3. In the case of a benefit plan established or maintained  
21 by two or more employers, or jointly by one or more employers  
22 and one or more employee organizations, the principal place  
23 of business of the entity shall be deemed to be the principal  
24 place of business of the association, committee, joint board  
25 of trustees, or other similar group of representatives of  
26 the parties who establish or maintain the benefit plan. In  
27 lieu of a specific or clear designation of the principal  
28 place of business of the entity under this subsection, the  
29 principal place of business of the entity shall be deemed to  
30 be the principal place of business of the employer or employee  
31 organization that has the largest investment in the benefit  
32 plan in question.

33     Sec. 14. Section 508C.9, subsections 2 through 6, Code 2011,  
34 are amended to read as follows:

35     2. There are two classes of assessments as follows:

1     ~~a. Class A assessments shall be made~~ authorized and called  
2     for the purpose of meeting administrative and legal costs and  
3     other ~~general expenses and examinations conducted under section~~  
4     ~~508C.12, subsection 5,~~ Class A assessments may be authorized  
5     and called whether or not related to a particular impaired or  
6     insolvent insurer.

7     ~~b. Class B assessments shall be made~~ authorized and called  
8     to the extent necessary to carry out the powers and duties of  
9     the association under section 508C.8 with regard to an impaired  
10    ~~domestic insurer or an insolvent domestic, foreign, or alien~~  
11    insurer.

12    3. ~~a. The amount of a class A assessment shall be~~  
13    determined by the board ~~and to the extent that class A~~  
14    ~~assessments do not exceed one hundred dollars per company~~  
15    ~~in any one calendar year may be made on a per capita basis~~  
16    and may be authorized and called on a pro rata or non-pro  
17    rata basis. If pro rata, the board may provide that the  
18    assessment be credited against future class B assessments.  
19    The total of all non-pro rata assessments shall not exceed  
20    three hundred dollars per member insurer in any one calendar  
21    year. The amount of a class B assessment shall be allocated  
22    for assessment purposes among the accounts ~~as the liabilities~~  
23    ~~and expenses of the association, either experienced or~~  
24    ~~reasonably expected, are attributable to those accounts, all~~  
25    ~~as determined by the association and on as equitable a basis~~  
26    ~~as is reasonably practical pursuant to an allocation formula~~  
27    which may be based on the premiums or reserves of the impaired  
28    or insolvent insurer or on any other standard deemed by the  
29    board in its sole discretion as being fair and reasonable under  
30    the circumstances.

31    ~~b. Class A assessments in excess of one hundred dollars~~  
32    ~~per company per calendar year and class B assessments against~~  
33    member insurers for each account shall be in the proportion  
34    that the average of the aggregate premiums received on business  
35    in this state by each assessed member insurer on policies or



1 ~~contracts related to that~~ covered by each account for the three  
2 most recent calendar years for which information is available,  
3 preceding the year in which the insurer became ~~impaired or~~  
4 insolvent, is or, in the case of an assessment with respect to  
5 an impaired insurer, the three most recent calendar years for  
6 which information is available preceding the year in which the  
7 insurer became impaired, bears to the average of the aggregate  
8 premiums received on business in this state for those calendar  
9 years by all assessed member insurers on policies related to  
10 ~~that account for the three most recent calendar years for which~~  
11 ~~information is available preceding the assessment.~~

12 c. Assessments for funds to meet the requirements of the  
13 association with respect to an impaired or insolvent insurer  
14 shall not be ~~made~~ authorized or called until necessary to  
15 implement the purposes of this chapter. Classification  
16 of assessments under ~~this subsection~~ 2 and computation  
17 of assessments under this subsection shall be made with  
18 a reasonable degree of accuracy, recognizing that exact  
19 determinations may not always be possible. The association  
20 shall notify each member insurer of its anticipated pro rata  
21 share of an authorized assessment not yet called within one  
22 hundred eighty days after the assessment is authorized.

23 4. The association may abate or defer, in whole or in part,  
24 the assessment of a member insurer if, in the opinion of the  
25 board, payment of the assessment would endanger the ability of  
26 the member insurer to fulfill its contractual obligations. If  
27 an assessment against a member insurer is abated or deferred,  
28 in whole or in part, the amount by which the assessment is  
29 abated or deferred may be assessed against the other member  
30 insurers in a manner consistent with the basis for assessments  
31 set forth in this section. Once the conditions that caused  
32 an abatement or deferral have been removed or rectified, the  
33 member insurer shall pay all assessments that were abated  
34 or deferred pursuant to a repayment plan approved by the  
35 association.

1     5. a. (1) The Subject to the provisions of subparagraph  
 2 (2) of this paragraph "a", the total of all assessments upon  
 3 authorized by the association with respect to a member insurer  
 4 for each account of the accounts established pursuant to  
 5 section 508C.6, and designated as the health insurance account,  
 6 the life insurance account, the annuity account, and the  
 7 unallocated annuity contract account, shall not in any one  
 8 calendar year exceed two percent of the average of the that  
 9 member insurer's average annual premiums received in this state  
 10 on the policies and contracts covered by the account during  
 11 the three most recent calendar years for which information is  
 12 available, preceding the year in which the insurer becomes  
 13 impaired or insolvent, on the policies related to that account.

14     (2) However, if If two or more assessments are authorized  
 15 in one calendar year with respect to insurers that become  
 16 impaired or insolvent in different calendar years, the average  
 17 annual premiums for purposes of the aggregate assessment  
 18 percentage limitation referred to in subparagraph (1) of this  
 19 paragraph "a" shall be equal, and limited, to the higher of the  
 20 three-year average annual premiums for the applicable account  
 21 as calculated pursuant to this section.

22     (3) If the maximum assessment for an account, together  
 23 with the other assets of the association in the account,  
 24 does not provide in any one year in the either account an  
 25 amount sufficient to carry out the responsibilities of the  
 26 association, the necessary additional funds shall be assessed  
 27 for the account in succeeding years as soon as permitted by  
 28 this chapter.

29     b. The board may provide in its plan of operation a method  
 30 of allocating funds among claims, whether relating to one  
 31 or more impaired or insolvent insurers, when the maximum  
 32 assessment will be insufficient to cover anticipated claims.

33     b. c. If the maximum assessment under paragraph "a" for any  
 34 account, other than the health insurance account, either the  
 35 life insurance account, the annuity account, or the unallocated

1 annuity contract account in one year does not provide an amount  
 2 sufficient to carry out the responsibilities of the association  
 3 ~~in any succeeding year~~, the board, pursuant to subsection 3,  
 4 paragraph ~~"a"~~ "b", shall ~~assess~~ access any of the other said  
 5 accounts for the necessary additional amount ~~and allocate the~~  
 6 ~~amount for assessment among the accounts, other than the health~~  
 7 ~~insurance account, in the following sequence: from the life~~  
 8 ~~insurance account, to the annuity account, to the unallocated~~  
 9 ~~annuity contract account; from the annuity account, to the~~  
 10 ~~unallocated annuity contract account, to the life insurance~~  
 11 ~~account; from the unallocated annuity contract account, to the~~  
 12 ~~annuity account, to the life insurance account; provided that~~  
 13 ~~no amount shall be allocated to an account for assessment until~~  
 14 ~~the maximum amount has been allocated to the preceding account,~~  
 15 subject to the maximum assessments stated in paragraph "a" of  
 16 this subsection.

17 6. By an equitable method as established in the plan  
 18 of operation, the board may refund to member insurers, in  
 19 proportion to the contribution of each insurer to that account,  
 20 the amount by which the assets of the account, including assets  
 21 accruing from assignment, subrogation, net realized gains, and  
 22 income from investments, exceed the amount the board finds is  
 23 necessary to carry out during the coming year the obligations  
 24 of the association with regard to that account. A reasonable  
 25 amount may be retained in any account to provide funds for the  
 26 continuing expenses of the association and for future losses ~~if~~  
 27 ~~refunds are impractical~~ claims.

28 Sec. 15. Section 508C.9, Code 2011, is amended by adding the  
 29 following new subsections:

30 NEW SUBSECTION. 9. *a.* A member insurer that wishes to  
 31 protest all or part of an assessment shall pay when due the  
 32 full amount of the assessment as set forth in the notice  
 33 provided by the association. The payment shall be made  
 34 available to meet association obligations during the pendency  
 35 of the protest or any subsequent appeal. The payment shall

1 be accompanied by a statement in writing that the payment is  
2 made under protest and setting forth a brief statement of the  
3 grounds for the protest.

4     *b.* Within sixty days following the payment of an assessment  
5 under protest by a member insurer, the association shall  
6 either notify the protesting member insurer in writing of  
7 its determination with respect to the protest or notify the  
8 protesting member insurer that additional time is required to  
9 resolve the issues raised by the protest.

10     *c.* Within thirty days after a final decision has been made,  
11 the association shall notify the protesting member insurer in  
12 writing of that final decision. Within sixty days of receipt  
13 of notice of the final decision, the protesting member insurer  
14 may appeal that final decision to the commissioner.

15     *d.* As an alternative to rendering a final decision with  
16 respect to a protest of an assessment, the association may  
17 refer the protest to the commissioner for a final decision,  
18 with or without a recommendation from the association.

19     *e.* If a protest or subsequent appeal of an assessment is  
20 upheld in favor of the protesting member insurer, the amount  
21 paid in error or the excess shall be refunded to the member  
22 insurer. Interest on a refund due a protesting member insurer  
23 shall be paid at the rate actually earned by the association  
24 during the pendency of the protest or any subsequent appeal.

25     NEW SUBSECTION. 10. The association may request  
26 information from member insurers in order to aid in the  
27 exercise of the association's power under this section, and the  
28 member insurers shall promptly comply with such a request.

29     Sec. 16. Section 508C.11, subsection 1, paragraph c, Code  
30 2011, is amended by striking the paragraph.

31     Sec. 17. Section 508C.11, subsection 3, Code 2011, is  
32 amended to read as follows:

33     3. ~~An~~ A final action of the board of directors or the  
34 association may be appealed to the commissioner by a member  
35 insurer if the appeal is taken within ~~thirty~~ sixty days of the

1 member insurer's receipt of notice of the final action being  
2 appealed. A final action or order of the commissioner is  
3 subject to judicial review pursuant to chapter 17A in a court  
4 of competent jurisdiction.

5 Sec. 18. Section 508C.12, subsection 1, paragraphs b  
6 through d, Code 2011, are amended to read as follows:

7 b. Report to the board of directors when the commissioner  
8 has taken any of the actions set forth in paragraph "a" or has  
9 received a report from any other commissioner indicating that a  
10 ~~member insurer is impaired or insolvent~~ such action has been  
11 taken in another state. Reports to the board of directors  
12 shall contain all significant details of the action taken or  
13 the report received from another commissioner.

14 c. Report to the board of directors when there is reasonable  
15 cause to believe from an examination, whether completed or in  
16 process, of a member ~~company~~ insurer that the ~~company~~ insurer  
17 may be an impaired or insolvent insurer.

18 d. Furnish to the board of directors the national  
19 association of insurance commissioners' ~~early warning tests.~~  
20 The insurance regulatory information system ratios, and  
21 listing of insurers not included in the ratios, developed  
22 by the national association of insurance commissioners, and  
23 the board may use the information in carrying out its duties  
24 and responsibilities under this section. The report and the  
25 information contained in the report shall be kept confidential  
26 by the board of directors until such time as it is made public  
27 by the commissioner or other lawful authority.

28 Sec. 19. Section 508C.12, subsection 2, Code 2011, is  
29 amended to read as follows:

30 2. The commissioner may seek the advice and recommendations  
31 of the board of directors concerning any matter affecting  
32 the commissioner's duties and responsibilities regarding the  
33 financial condition of member ~~companies~~ insurers and companies  
34 seeking admission to transact insurance business in this state.

35 Sec. 20. Section 508C.12, subsection 7, Code 2011, is

1 amended by striking the subsection.

2 Sec. 21. Section 508C.16, Code 2011, is amended to read as  
3 follows:

4 **508C.16 Immunity — indemnification.**

5 1. A member insurer and its agents and employees, the  
6 association and its agents and employees, members of the board  
7 of directors, and the commissioner and the commissioner's  
8 representatives are not liable for any action taken by them  
9 or omission by them while acting within the scope of their  
10 employment and in the performance of their powers and duties  
11 under this chapter and such immunity granted under this section  
12 shall extend to their participation in any organization of one  
13 or more state associations of similar purposes and to that  
14 organization and its agents and employees.

15 2. Sections 490.850 through 490.859 apply to the  
16 association.

17 Sec. 22. Section 508C.17, Code 2011, is amended to read as  
18 follows:

19 **508C.17 Stay of proceedings — reopening default judgments.**

20 Proceedings in which the insolvent insurer is a party in a  
21 court in this state shall be stayed ~~sixty~~ one hundred eighty  
22 days from the date an order of liquidation, rehabilitation,  
23 or conservation is final to permit proper legal action by the  
24 association on matters germane to its powers or duties. The  
25 association may apply to have a judgment under a decision,  
26 order, verdict, or finding based on default, set aside by the  
27 same court that entered the judgment, and shall be permitted to  
28 defend against the suit on the merits.

29 Sec. 23. Section 508C.18, Code 2011, is amended to read as  
30 follows:

31 **508C.18 Prohibited advertisements.**

32 A person, including an insurer, agent or affiliate of an  
33 insurer, shall not make, publish, disseminate, circulate, or  
34 place before the public, or cause directly or indirectly, to  
35 be made, published, disseminated, circulated, or placed before

1 the public in a newspaper, magazine, or other publication,  
2 or in the form of a notice, circular, pamphlet, letter, or  
3 poster, or over a radio station or television station, or in  
4 any other way, an advertisement, announcement, or statement,  
5 written or oral, which uses the existence of the insurance  
6 guaranty association of this state for the purpose of sales,  
7 solicitation, or inducement to purchase any form of insurance  
8 covered by this chapter. However, this section does not apply  
9 to the association or any other entity which does not sell or  
10 solicit insurance.

11 Sec. 24. NEW SECTION. 508C.18A Notice to policyholders —  
12 summary of chapter and disclosure.

13 1. *a.* Within one hundred eighty days after enactment of  
14 this section, the association shall prepare a summary document  
15 describing the general purposes and current provisions of  
16 this chapter and containing a disclosure in compliance with  
17 subsection 2. This summary document shall be submitted to the  
18 commissioner for approval. The approved summary document and  
19 disclosure shall be delivered to the owner of an insurance  
20 policy or contract as provided in this section.

21 *b.* This subsection is repealed July 1, 2012.

22 2. *a.* On or after March 1, 2012, an insurer shall not  
23 deliver an insurance policy or contract in Iowa to the owner  
24 of the policy or contract unless a summary document describing  
25 the general purposes and current provisions of this chapter  
26 and containing a disclosure in compliance with subsection 3 is  
27 delivered to the policy or contract owner at the same time.

28 *b.* The summary document shall also be available upon request  
29 by an insurance policy or contract owner.

30 *c.* The distribution, delivery, contents, or interpretation  
31 of this summary document does not guarantee that either  
32 the insurance policy or contract or the owner of the policy  
33 or contract is covered in the event of the impairment or  
34 insolvency of a member insurer.

35 *d.* The summary document shall be revised by the association

1 and approved by the commissioner as amendments to this chapter  
2 may require. Failure to receive a summary document does not  
3 give the insurance policy or contract owner, certificate  
4 holder, or insured any greater rights than those stated in this  
5 chapter.

6 3. The summary document prepared pursuant to this section  
7 shall contain a clear and conspicuous disclosure on its face.  
8 The commissioner shall establish the form and content of the  
9 disclosure which shall do all of the following:

10 a. State the name and address of the association and the  
11 Iowa insurance division.

12 b. Prominently warn the insurance policy or contract owner  
13 that the association may not cover the policy or contract or,  
14 if coverage is available, it will be subject to substantial  
15 limitations and exclusions and conditioned on continued  
16 residence in this state.

17 c. State the types of insurance policies and contracts for  
18 which the association will provide coverage.

19 d. State that the insurer and its agents are prohibited by  
20 law from using the existence of the association for the purpose  
21 of sales, solicitation, or inducement to purchase any form of  
22 insurance.

23 e. State that the insurance policy or contract owner should  
24 not rely on coverage from the association when selecting an  
25 insurer.

26 f. Explain rights available and procedures for filing a  
27 complaint to allege a violation of any provisions of this  
28 chapter.

29 g. Provide other information as directed by the  
30 commissioner, including but not limited to sources for  
31 information about the financial condition of an insurer  
32 provided that the information is not proprietary and is subject  
33 to disclosure under chapter 22.

34 4. A member insurer shall retain evidence of compliance with  
35 the provisions of this section for as long as the insurance



1 policy or contract for which the notice is given remains in  
2 effect.

3 Sec. 25. Section 511.8, subsection 16, Code 2011, is amended  
4 by adding the following new paragraph:

5 NEW PARAGRAPH. *h.* Financial instruments used in hedging  
6 transactions, and securities pledged as collateral for  
7 financial instruments used in highly effective hedging  
8 transactions, eligible for inclusion in the legal reserve under  
9 subsection 22 may be made a part of the deposit by filing a  
10 verified statement of the financial instruments or securities  
11 pursuant to the terms and conditions of the applicable hedging  
12 transaction agreement or of the applicable collateral agreement  
13 or other credit support agreement.

14 Sec. 26. Section 511.8, subsection 22, Code 2011, is amended  
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *i.* Securities held in the legal reserve of  
17 a life insurance company or association pledged as collateral  
18 for financial instruments used in highly effective hedging  
19 transactions as defined in the national association of  
20 insurance commissioners' Statement of Statutory Accounting  
21 Principles No. 86 shall continue to be eligible for inclusion  
22 on the legal reserve of the life insurance company or  
23 association subject to all of the following:

24 (1) The life insurance company or association does not  
25 include the financial instruments used in highly effective  
26 hedging transactions for which the securities are pledged as  
27 collateral in the legal reserve of the life insurance company  
28 or association, provided, however, that this subparagraph  
29 shall not exclude securities pledged to a counterparty,  
30 clearing organization, or clearinghouse on an upfront basis  
31 in the form of initial margin, independent amount, or other  
32 securities pledged as a precondition of entering into financial  
33 instruments used in highly effective hedging transactions from  
34 inclusion in the legal reserve of the life insurance company  
35 or association.

1     (2) Securities pledged as collateral for financial  
2 instruments used in highly effective hedging transactions are  
3 not eligible in excess of ten percent of the legal reserve of  
4 the life insurance company or association, less any financial  
5 instruments used in hedging transactions held in the legal  
6 reserve under this subsection.

7     (3) Securities pledged to a counterparty, clearing  
8 organization, or clearinghouse on an upfront basis in  
9 the form of initial margin, independent amount, or other  
10 securities pledged as a precondition of entering into financial  
11 instruments used in highly effective hedging transactions are  
12 not eligible in excess of one percent of the legal reserve of  
13 the life insurance company or association.

14     Sec. 27. Section 514C.18, subsection 1, paragraph a, Code  
15 2011, is amended by striking the paragraph and inserting in  
16 lieu thereof the following:

17     a. Equipment and supplies.

18     Sec. 28. Section 515.125, subsection 1, Code 2011, is  
19 amended to read as follows:

20     1. Unless otherwise provided in section 515.127, 515.128,  
21 515.129, 515.129A, 515.129B, or 515.129C, a policy or contract  
22 of insurance provided for in this chapter shall not be  
23 forfeited, suspended, or canceled except by notice to the  
24 insured as provided in this chapter. A notice of cancellation  
25 is not effective unless mailed or delivered by the insurer to  
26 the named insured at least thirty days before the effective  
27 date of cancellation or, where cancellation is for nonpayment  
28 of a premium, assessment, or installment provided for in the  
29 policy, or in a note or contract for the payment thereof, at  
30 least ten days prior to the date of cancellation. The notice  
31 may be made in person, or by sending by mail a letter addressed  
32 to the insured at the insured's address as given in or upon  
33 the policy, anything in the policy, application, or a separate  
34 agreement to the contrary notwithstanding.

35     Sec. 29. Section 515.126, Code 2011, is amended to read as

1 follows:

2     **515.126 Cancellation of policy — notice to insured or**  
3 **mortgagee.**

4     1. Unless otherwise provided in section 515.127 ~~or~~,  
5 515.128, 515.129, 515.129A, 515.129B, or 515.129C, at any time  
6 after the maturity of a premium, assessment, or installment  
7 provided for in the policy, or a note or contract for the  
8 payment thereof, or after the suspension, forfeiture, or  
9 cancellation of a policy or contract of insurance, the insured  
10 may pay to the company the customary short rates and costs of  
11 action, if one has been commenced or judgment rendered thereon,  
12 and may, if the insured so elects, have the policy and all  
13 contracts or obligations connected with the policy, whether  
14 in judgment or otherwise, canceled, and all such policy and  
15 contracts shall be void; and in case of suspension, forfeiture,  
16 or cancellation of a policy or contract of insurance, the  
17 insured is not liable for a greater amount than the short  
18 rates earned at the date of the suspension, forfeiture, or  
19 cancellation and the costs of action provided for in this  
20 section.

21     2. If the policy is canceled by the insurance company,  
22 the insurer may retain only the pro rata premium, and if the  
23 initial cash premium, or any part of the premium, has not been  
24 paid, the policy may be canceled by the insurance company by  
25 giving notice to the insured as provided in section 515.125  
26 and ten days' notice to the mortgagee, or other person to whom  
27 the policy is made payable, if any, without tendering any  
28 part of the premium, anything to the contrary in the policy  
29 notwithstanding.

30     Sec. 30. Section 515D.5, subsection 1, Code 2011, is amended  
31 to read as follows:

32     1. a. Notwithstanding the provisions of sections  
33 ~~515.125 through 515.127~~, 515.126, and 515.129A, a notice of  
34 cancellation of a policy shall not be effective unless mailed  
35 or delivered by the insurer to the named insured at least

1 thirty days prior to the effective date of cancellation,  
2 or, where the cancellation is for nonpayment of premium  
3 notwithstanding the provisions of sections 515.125 and ~~515.127~~  
4 515.126, at least ten days prior to the date of cancellation.  
5 A post office department certificate of mailing to the named  
6 insured at the address shown in the policy shall be proof  
7 of receipt of such mailing. Unless the reason accompanies  
8 the notice of cancellation, the notice shall state that upon  
9 written request of the named insured, mailed or delivered  
10 to the insurer not less than fifteen days prior to the  
11 date of cancellation, the insurer will state the reason for  
12 cancellation together with notification of the right to a  
13 hearing before the commissioner within fifteen days as provided  
14 in this chapter.

15 b. When the reason does not accompany the notice of  
16 cancellation, the insurer shall, upon receipt of a timely  
17 request by the named insured, state in writing the reason  
18 for cancellation. A statement of reason shall be mailed or  
19 delivered to the named insured within five days after receipt  
20 of a request.

21 Sec. 31. Section 515D.7, subsection 1, Code 2011, is amended  
22 to read as follows:

23 1. Notwithstanding the provisions of sections 515.125  
24 ~~through 515.128~~, 515.129B, and 515.129C, an insurer shall  
25 not fail to renew a policy except by notice to the insured  
26 as provided in this chapter. A notice of intention not to  
27 renew shall not be effective unless mailed or delivered by the  
28 insurer to the named insured at least thirty days prior to  
29 the expiration date of the policy. A post office department  
30 certificate of mailing to the named insured at the address  
31 shown in the policy shall be proof of receipt of such mailing.  
32 Unless the reason accompanies the notice of intent not to  
33 renew, the notice shall state that, upon written request of the  
34 named insured, mailed or delivered to the insurer not less than  
35 thirty days prior to the expiration date of the policy, the

1 insurer will state the reason for nonrenewal.

2 Sec. 32. Section 518C.3, subsection 4, paragraph b,  
3 subparagraph (3), Code 2011, is amended to read as follows:

4 (3) ~~An A fee or other amount due an~~ relating to goods and  
5 services sought by or on behalf of an attorney, adjuster, or  
6 witness as a fee for services rendered to, or other provider of  
7 goods or services retained by the insolvent insurer or by an  
8 insured prior to the date the insurer was declared insolvent.

9 Sec. 33. Section 518C.3, subsection 4, paragraph b, Code  
10 2011, is amended by adding the following new subparagraphs:

11 NEW SUBPARAGRAPH. (4A) A fee or other amount sought by or  
12 on behalf of an attorney, adjuster, witness, or other provider  
13 of goods or services retained by the insured or claimant  
14 in connection with the assertion of any claim, covered or  
15 otherwise, against the association.

16 NEW SUBPARAGRAPH. (4B) A claim filed with the association  
17 or with a liquidator for protection afforded under the  
18 insured's policy or contract for incurred but not reported  
19 losses or expenses.

20 Sec. 34. Section 518C.5, Code 2011, is amended to read as  
21 follows:

22 **518C.5 Board of directors.**

23 1. The board of directors of the association shall  
24 consist of the officers and directors of the mutual insurance  
25 association of Iowa or its successor association, but only  
26 if such officers and directors are employed by a corporation  
27 organized as a county mutual insurance association pursuant to  
28 chapter 518 or a state mutual insurance association pursuant to  
29 chapter 518A.

30 2. An officer and director of the mutual insurance  
31 association of Iowa shall serve in the same capacity on the  
32 association board as the officer or director serves the mutual  
33 insurance association of Iowa or its successor association, but  
34 only if the officer and director is employed by a corporation  
35 organized as a county mutual insurance association pursuant to

1 chapter 518 or a state mutual insurance association pursuant to  
2 chapter 518A.

3 Sec. 35. Section 518C.6, subsection 1, paragraph a,  
4 subparagraph (2), subparagraph division (b), Code 2011, is  
5 amended to read as follows:

6 (b) An amount not exceeding the lesser of the policy  
7 limits or ~~three~~ five hundred thousand dollars per claim for  
8 all covered claims for all damages arising out of any one or a  
9 series of accidents, occurrences, or incidents, regardless of  
10 the number of persons making claims or the number of applicable  
11 policies.

12 Sec. 36. Section 518C.15, Code 2011, is amended to read as  
13 follows:

14 **518C.15 Immunity.**

15 ~~Liability~~ There shall be no liability on the part of, and  
16 a cause of action of any nature shall not arise against, any  
17 member insurer, the association, or its agents or employees,  
18 the board of directors, any committee established for the  
19 purpose of administering the affairs of the association, or any  
20 person serving as an alternate or substitute representative  
21 director of the association, or the commissioner, or the  
22 commissioner's representatives, for any reasonable action taken  
23 or any failure to act by them in the performance of their  
24 duties and execution of powers as provided for under this  
25 chapter.

26 Sec. 37. Section 521.1, subsection 4, Code 2011, is amended  
27 to read as follows:

28 4. "*Company*" means a company or association organized under  
29 chapter 508, ~~511~~ 514B, 515, 518, 518A, or 520, and includes a  
30 mutual insurance holding company organized pursuant to section  
31 521A.14.

32 Sec. 38. Section 521.2, subsection 1, Code 2011, is amended  
33 to read as follows:

34 1. One or more domestic mutual insurance companies  
35 organized under chapter 491 may merge or consolidate with a

1 domestic or foreign mutual insurance company as provided in  
2 this chapter. ~~Sections 491.102 through 491.105 shall not be~~  
3 ~~applicable to a merger or consolidation of a domestic mutual~~  
4 ~~insurance company pursuant to this chapter.~~

5 Sec. 39. Section 521.2, Code 2011, is amended by adding the  
6 following new subsections:

7 NEW SUBSECTION. 5. One or more foreign or domestic stock  
8 insurance companies may merge into a domestic mutual insurance  
9 company organized under chapter 491 as provided in this  
10 chapter.

11 NEW SUBSECTION. 6. One or more domestic health maintenance  
12 organizations or limited service organizations formed under  
13 chapter 514B may merge into a domestic insurance company  
14 organized under chapter 490 or chapter 491 as provided in this  
15 chapter.

16 NEW SUBSECTION. 7. Sections 491.102 through 491.105 shall  
17 not be applicable to a merger or consolidation of a domestic  
18 mutual insurance company pursuant to this chapter.

19 Sec. 40. Section 521E.3, subsection 1, paragraph a,  
20 unnumbered paragraph 1, Code 2011, is amended to read as  
21 follows:

22 The filing of a risk-based capital report by an insurer which  
23 indicates ~~either~~ any of the following:

24 Sec. 41. Section 521E.3, subsection 1, paragraph a, Code  
25 2011, is amended by adding the following new subparagraph:

26 NEW SUBPARAGRAPH. (3) For a property and casualty insurer,  
27 the insurer's total adjusted capital is greater than or equal  
28 to its company-action-level risk-based capital but less than  
29 the product of its authorized-control-level risk-based capital  
30 and three and triggers the trend test determined in accordance  
31 with the trend test calculation included in the property and  
32 casualty risk-based capital instructions.

33 Sec. 42. Section 521F.4, subsection 1, Code 2011, is amended  
34 to read as follows:

35 1. "*Company-action-level event*" means any of the following:

1     a. The filing of a risk-based capital report by a health  
2 organization which indicates that the health organization's  
3 total adjusted capital is greater than or equal to its  
4 regulatory-action-level risk-based capital but less than its  
5 company-action-level risk-based capital.

6     b. The filing of a risk-based capital report by a health  
7 organization which indicates that the health organization has  
8 total adjusted capital which is greater than or equal to its  
9 company-action-level risk-based capital but less than the  
10 product of its authorized-control-level risk-based capital and  
11 three and triggers the trend test determined in accordance with  
12 the trend test calculations included in the health risk-based  
13 capital instructions.

14     ~~b.~~ c. Notification by the commissioner to a health  
15 organization of an adjusted risk-based capital report that  
16 indicates an event in paragraph "a" or "b", provided the health  
17 organization does not challenge the adjusted risk-based capital  
18 report and request a hearing pursuant to section 521F.8.

19     ~~c.~~ d. If a hearing is requested pursuant to section 521F.8,  
20 notification by the commissioner to the health organization  
21 after the hearing that the commissioner has rejected the health  
22 organization's challenge of the adjusted risk-based capital  
23 report indicating the event in paragraph "a" or "b".

24     Sec. 43. Section 523A.206, subsection 1, Code 2011, is  
25 amended to read as follows:

26     1. The commissioner may conduct an examination under  
27 this chapter of any seller as often as the commissioner  
28 deems appropriate. If a seller has a trust arrangement, the  
29 commissioner shall conduct an examination of such seller doing  
30 business in this state not less than once every ~~three~~ five  
31 years unless the seller has provided to the commissioner, on  
32 an annual basis, a certified copy of an audit conducted by an  
33 independent certified public accountant verifying compliance  
34 with this chapter. The commissioner may require an audit of  
35 a seller, or other person by a certified public accountant



1 to verify compliance with the requirements of this chapter,  
2 including rules adopted and orders issued pursuant to this  
3 chapter.

4 Sec. 44. Section 523I.213A, subsection 1, Code 2011, is  
5 amended to read as follows:

6 1. The commissioner or the commissioner's designee may  
7 conduct an examination under this chapter of any cemetery as  
8 often as the commissioner deems appropriate. If a cemetery  
9 has a trust arrangement, the commissioner shall conduct an  
10 examination not less than once every ~~three~~ five years.

11 EXPLANATION

12 This bill relates to various matters under the purview of the  
13 insurance division of the department of commerce.

14 UNIFORM SECURITIES ACT. Code section 502.410 is amended  
15 to raise the fee for filing an application for registration,  
16 renewal, or a change of registration as an investment advisor  
17 from \$30 to \$40.

18 Code section 502.604 is amended to allow the administrator  
19 of the securities and regulated industries bureau of the  
20 insurance division of the department of commerce to order  
21 restitution or take other corrective action as deemed necessary  
22 to accomplish compliance with the state's securities laws.

23 INSURANCE DIVISION. Code section 505.8 is amended to  
24 provide that the commissioner of insurance shall enforce  
25 all state laws relating to both federal and state insurance  
26 business transacted in the state and to allow the commissioner  
27 to assess the costs of an investigation or proceeding after an  
28 administrative hearing. The commissioner is also authorized to  
29 adopt administrative rules and emergency rules pursuant to Code  
30 chapter 17A as necessary to effectuate the insurance provisions  
31 of the federal Patient Protection and Affordable Care Act of  
32 2010, or other applicable federal laws.

33 Code section 505.18 is amended to specify that the  
34 commissioner's duty in preparing a report for the governor and  
35 the general assembly should include findings regarding health

1 spending costs for health insurance carriers in the state, not  
2 health insurance plans.

3 Code section 505.19 is amended to provide that public  
4 comments received concerning proposed health insurance rate  
5 increases will be posted without delay during the normal  
6 business hours of the insurance division.

7 INSURANCE FRAUD. Code section 507E.8 is amended to provide  
8 that securities and regulated industries bureau investigators  
9 have the power and status of law enforcement officers who by  
10 the nature of their duties may be required to perform the  
11 duties of a peace officer.

12 IOWA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION. Code  
13 section 508C.5 is amended to add definitions of "authorized  
14 assessment", "benefit plan", "called assessment", "plan  
15 sponsor", "principal place of business", and "receivership  
16 court" and to amend the definition of "covered policy" and  
17 "resident" for purposes of the Code chapter.

18 New Code section 508C.8A specifies the factors an  
19 association must consider in determining what constitutes the  
20 principal business of a plan sponsor or a person other than a  
21 natural person.

22 Code section 508C.9(2) is amended to require that the  
23 association must now "authorize" and "call" class A assessments  
24 for the purpose of meeting administrative and legal costs  
25 of the association and class B assessments for otherwise  
26 carrying out the powers and duties of the association. As  
27 newly defined, an "authorized assessment" means that the  
28 board of directors of the association has passed a resolution  
29 authorizing the assessment and a "called assessment" means that  
30 a notice has been issued to member insurers requiring that an  
31 authorized assessment be paid within the time set forth in the  
32 notice.

33 Code section 508C.9(3) is amended to provide that class  
34 A assessments may be authorized and called on a pro rata or  
35 non-pro rata basis. Pro rata assessments may be credited

1 against future class B assessments and the total of all non-pro  
2 rata assessments cannot exceed \$300 per member insurer in any  
3 one calendar year. Class B assessments are determined pursuant  
4 to an allocation formula which may be based on the premiums  
5 or reserves of the impaired or insolvent insurer or any other  
6 standard deemed fair and reasonable by the board. Class B  
7 assessments for each account maintained by the association are  
8 made in the proportion each assessed member insurer's premiums  
9 bear to premiums received by all assessed member insurers. The  
10 association is required to notify each member insurer of its  
11 anticipated pro rata share of an assessment within 180 days  
12 after the assessment is authorized.

13 Code section 508C.9(4) is amended to provide that if the  
14 association abates or defers the assessment of a member  
15 insurer, the assessment shall be paid by the insurer once the  
16 conditions that caused the abatement or deferral are removed  
17 pursuant to a payment plan approved by the association.

18 Code section 508C.9(5) is amended to change the calculation  
19 method for assessments of member insurers with respect to  
20 the health insurance account, the life insurance account,  
21 the annuity account, and the unallocated annuity contract  
22 account. The board is also authorized to provide in its plan  
23 of operation a method of allocating funds among claims relating  
24 to one or more impaired or insolvent insurers when the maximum  
25 assessment will be insufficient to cover anticipated claims.  
26 If the maximum assessment under the life insurance account, the  
27 annuity account, or the unallocated annuity contract account is  
28 insufficient, the board shall access the other said accounts  
29 for the necessary amount subject to the maximum assessments  
30 allowed.

31 Code section 508C.9(6) is amended to allow the board to  
32 refund to member insurers amounts the board finds are not  
33 necessary to carry out the obligations of the association  
34 with regard to an account that includes assets accruing from  
35 assignment, subrogation, net realized gains, and income from

1 investments.

2 New Code section 508C.9(9) provides a procedure for a member  
3 insurer to protest and appeal an assessment.

4 New Code section 508C.9(10) allows the association to  
5 request information from member insurers in order to aid in the  
6 exercise of the association's power.

7 Code section 508C.11(1) is amended to strike a provision  
8 requiring the commissioner to be appointed as the liquidator  
9 or rehabilitator in a liquidation or rehabilitation proceeding  
10 involving a domestic insurer.

11 Code section 508C.11(3) is amended to provide that a final  
12 action of the board or the association may be appealed to the  
13 commissioner by a member insurer within 60, instead of 30, days  
14 of the insurer's receipt of notice of the final action.

15 Code section 508C.12 is amended to require the commissioner  
16 to report to the board upon receiving notice that certain  
17 actions have been taken against a member insurer in another  
18 state and to provide the board with the national association  
19 of insurance commissioners' insurance regulatory information  
20 system ratios, and listing of insurers not included in the  
21 ratios, developed for use by the board in carrying out its  
22 duties and responsibilities in preventing insolvencies.

23 Code section 508C.12(7), which required the board to prepare  
24 a report to the commissioner at the conclusion of an insurer  
25 insolvency in which the association was obligated to pay  
26 claims, is stricken.

27 Code section 508C.16 is amended to provide that immunity and  
28 indemnification provisions that apply to member insurers, the  
29 association, the board of directors, the commissioner, and any  
30 of their agents, employees, and representatives for actions or  
31 omissions made by them in performing their powers and duties  
32 under Code chapter 508C, are extended to their participation in  
33 any organization of one or more similar state associations and  
34 to that organization and its agents and employees.

35 Code section 508C.17 is amended to allow a stay of court

1 proceedings in which an insolvent insurer is a party from  
2 180 instead of 60 days from the date of a final order of  
3 liquidation, rehabilitation, or conservation to permit legal  
4 action by the association.

5 Code section 508C.18 is amended to specify that persons,  
6 including insurers and their agents, are prohibited from making  
7 written or oral advertisements that use the existence of the  
8 insurance guaranty association to sell insurance.

9 New Code section 508C.18A requires the association within  
10 180 days after enactment of this Code section to prepare a  
11 summary document describing the general purposes and current  
12 provisions of Code chapter 508C and containing a disclosure  
13 with specified information about the coverage provided by the  
14 association. On or after March 1, 2012, an insurer shall not  
15 deliver an insurance policy or contract in Iowa to the owner of  
16 the policy or contract unless the summary document is delivered  
17 at the same time.

18 LIFE INSURANCE COMPANIES AND ASSOCIATIONS. Code section  
19 511.8(16)(h) is added to provide that financial instruments  
20 used in hedging transactions and securities pledged as  
21 collateral for financial instruments used in highly effective  
22 hedging transactions are eligible for inclusion in the legal  
23 reserve of an insurance company or association under Code  
24 section 511.8(22). A corollary provision is added in Code  
25 section 511.8(22)(i) to provide that securities held in the  
26 legal reserve of a life insurance company or association  
27 pledged as collateral for financial instruments used in highly  
28 effective hedging transactions as defined in the national  
29 association of insurance commissioners' Statement of Statutory  
30 Accounting Principles continue to be eligible for inclusion in  
31 the legal reserve subject to specified conditions.

32 SPECIAL HEALTH AND ACCIDENT INSURANCE COVERAGES. Code  
33 section 514C.18, requiring health insurance coverage for the  
34 treatment of diabetes, is amended to delete a reference to  
35 specific testing supplies for home monitoring of the disease

1 and instead add a more general reference to coverage of  
2 equipment and supplies.

3     INSURANCE OTHER THAN LIFE. Code chapter 515 has several  
4 provisions which relate to the duties of insurers when  
5 forfeiting, suspending, cancelling, or nonrenewing commercial  
6 and personal line policies or contracts of insurance. Code  
7 sections 515.125 and 515.126 which contain general provisions  
8 concerning those duties are amended to specify that more  
9 specific provisions enacted in 2010 concerning personal lines  
10 of insurance take precedence over these more general provisions  
11 if they are inconsistent with one another.

12     AUTOMOBILE INSURANCE CANCELLATION. Code chapter 515D  
13 contains provisions which relate specifically to the  
14 cancellation of personal automobile insurance. Code sections  
15 515D.5 and 515D.7 are amended to provide that the provisions  
16 of Code chapter 515D take precedence over those relating to  
17 the cancellation of personal lines insurance contained in  
18 Code chapter 515 concerning the cancellation or nonrenewal of  
19 personal automobile insurance.

20     COUNTY AND STATE MUTUAL INSURANCE GUARANTY ASSOCIATION.  
21 Code section 518C.3(4)(b)(3) is amended to specify that a  
22 covered claim for which the guaranty association provides  
23 coverage does not include a fee or other amount relating to  
24 goods or services sought by on behalf of any provider of goods  
25 or services retained by an insolvent insurer or by an insured  
26 prior to the date the insurer was declared insolvent.

27     Code section 518C.3(4)(b) is also amended to provide  
28 that a covered claim does not include a fee or other amount  
29 sought by or on behalf of an attorney, adjuster, witness, or  
30 other provider of goods or services retained by an insured or  
31 claimant in connection with the assertion of a claim against  
32 the association.

33     Code section 518C.5 is amended to provide that the board  
34 of directors of the guaranty association consists of the  
35 officers and directors of the mutual insurance association of

1 Iowa or its successor only if those people are employed by a  
2 corporation organized as a county mutual insurance association  
3 pursuant to Code chapter 518 or a state mutual insurance  
4 association pursuant to Code chapter 518A.

5 Code section 518C.6(1)(a)(2)(b) is amended to provide  
6 that the association is obligated to pay certain claims not  
7 exceeding the lesser of the policy limits or \$500,000, instead  
8 of \$300,000, per claim or claims arising out of any one or a  
9 series of occurrences.

10 Code section 518C.15 is amended to expand the immunity  
11 provisions pertaining to the association to include any  
12 committee established for the purpose of administering  
13 the affairs of the association or any person serving as  
14 an alternate or substitute representative director of the  
15 association for any actions taken or any failure to act in the  
16 performance of their duties.

17 CONSOLIDATION, MERGERS, AND REINSURANCE. Code section  
18 521.1(4) is amended to provide that a company subject to the  
19 consolidation, merger, and reinsurance provisions of Code  
20 chapter 521 includes a health maintenance organization or  
21 limited service organization organized pursuant to Code chapter  
22 514B.

23 Code section 521.2 is amended to provide that one or more  
24 foreign or domestic stock insurance companies may merge into a  
25 domestic mutual insurance company organized under Code chapter  
26 491 and one or more domestic health maintenance organizations  
27 or limited service organizations formed under Code chapter  
28 514B may merge into a domestic insurance company organized  
29 under Code chapter 490 or 491. In addition, certain provisions  
30 relating to merger or consolidation in Code chapter 491 are not  
31 applicable to the merger or consolidation of a domestic mutual  
32 insurance company pursuant to this chapter.

33 RISK-BASED CAPITAL REQUIREMENTS FOR INSURERS. Code section  
34 521E.3(1)(a) is amended to add another situation which  
35 constitutes a company-action-level event for an insurer when

1 included in the filing of a risk-based capital report by the  
2 insurer.

3 RISK-BASED CAPITAL REQUIREMENTS FOR HEALTH ORGANIZATIONS.  
4 Code section 521F.4(1) is amended to add another situation  
5 which constitutes a company-action-level event for a health  
6 organization when included in the filing of a risk-based  
7 capital report by the health organization.

8 CEMETERY AND FUNERAL MERCHANDISE AND FUNERAL SERVICES. Code  
9 section 523A.206(1) is amended to require the commissioner  
10 to conduct examinations of sellers of cemetery and funeral  
11 merchandise, and funeral services every five years, instead of  
12 every three years.

13 CEMETERY REGULATION. Code section 523I.213A(1) is amended  
14 to require the commissioner to conduct an examination of a  
15 cemetery every five years, instead of every three years.